

MINUTES

COAL SURFACE MINING RECLAMATION FUND ADVISORY BOARD

Conference Room 211

July 8, 2010

10:00 a.m.

Present

Gavin Bledsoe
Jackie Davis
John “Kelly” Gilmer, Jr.
Phillip Mullins

Absent

Scotty Rose

Also Present

Sandy Smith
Bill Bledsoe

A meeting of the Coal Surface Mining Reclamation Fund Advisory Board was held on July 8, 2010 at 10:00 a.m. at the Department of Mines, Minerals and Energy (DMME) Office in Big Stone Gap.

Jackie Davis opened the meeting. Chairman Paul Ison’s membership expired on June 30, 2010. Mr. Ison served the maximum time allowed under the Statute for Board members. A recommendation was made, and agreed to by all members, that a certificate or plaque of appreciation be made and presented to Mr. Ison for his service on the Board. A replacement for Mr. Ison has not been determined as of this date.

Election of Chairperson

Due to the vacancy of one member and another member being absent, Board members made a decision to defer electing a Chairperson until another meeting with all Board members present.

Status of Pool Bond Fund

Gavin Bledsoe informed the members that the balance of the Fund is \$7,080,866.50. The permits with “Pool Bonds” (231) have bonds totaling \$155,174,200. Jackie Davis informed the members that this was approximately 60% of the total bonds (cost and pool). One company had self bonds totaling \$12,985,725. Operations in temporary cessation status for more than six months are required to post cost bonds for such areas to protect the Fund.

Potential for Expenditures

Gavin Bledsoe informed the members that there are no pending or existing bond forfeitures involving the Fund. Two possible permits may proceed to bond forfeiture; however, they are cost bonded and have adequate bond to cover any necessary reclamation work.

Discussion of any Potential Legislative Action Regarding Fund

There was some discussion on self-bonding and whether it should be addressed at this point. It was agreed that this would be considered at the next meeting. Any changes to the self bonding provisions would need to be supported and justified by the Board.

A & G Coal Corporation Self Bonding

A & G Coal Corporation has self-bonds totaling \$12,985,725. The company may be in the process of obtaining surety bonds to replace some or all self-bonds.

Permitting Challenges – TMDL, Interagency Permitting Coordination

Jackie Davis informed the Board members of the status of the Total Maximum Daily Loads studies that are ongoing or proposed for the coalfields and the Division of Mined Land Reclamation's (DMLR) participation in such with the Department of Environmental Quality. DMLR will receive a \$250,000 grant for its work on these projects. Jackie also noted the ongoing interagency permitting reviews and difficulties in getting permits issued or approved relative to the Corps and Environmental Protection Agency's objections. Potential litigation by Virginia and other states is very likely. The Corps of Engineers have suspended Nationwide 21 permits, requiring operations to go through the individual permitting process.

OSM Focused Review of Pool Bond Fund

Jackie Davis informed the members that the Office of Surface Mining (OSM) recently completed a review of the cost bonding process and had concerns about the reclamation costs used by Virginia. OSM believes that costs should be calculated on more recent/current costs as per the 2007 Caterpillar handbook. OSM will be reviewing alternative bonding methods in the Appalachian region. OSM will also look at long-term bonding for problems such as acid mine drainage.

Scheduling Next Meeting

Pending the filling of vacant Board member position.

Conflict of Interest Training

One Board member completed the Conflict of Interest training at the conclusion of the meeting.